



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

February 24, 2005

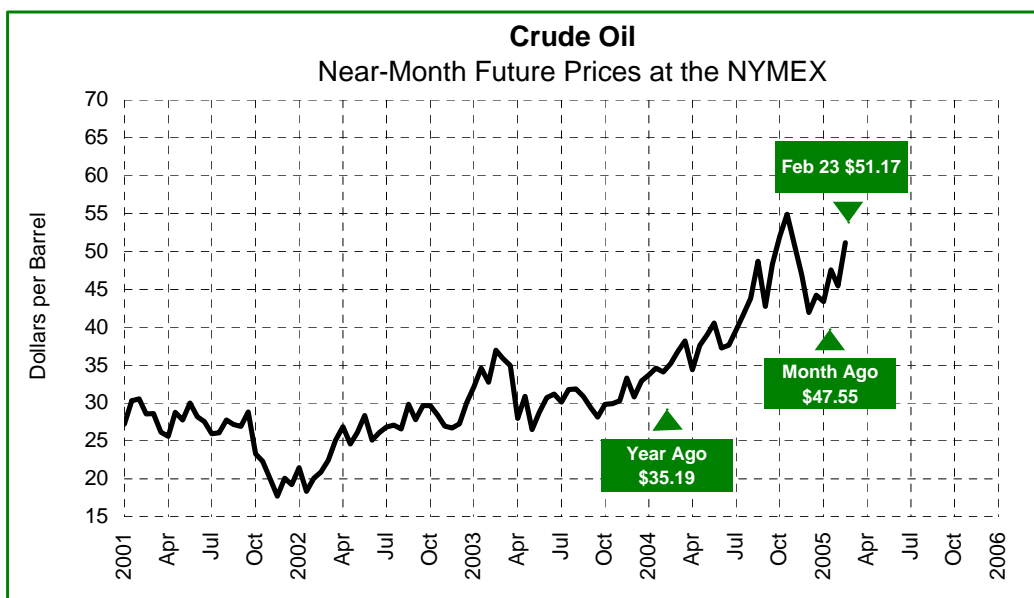
Crude Oil

On Feb. 23, NYMEX crude oil futures settled at \$51.17, an increase of \$3.62 from the previous month and \$15.98 per barrel or 45% higher compared to this time last year.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>02-23-05</u>	<u>01-19-05</u>	<u>change</u>	<u>02-17-04</u>	<u>change</u>
NYMEX	\$51.17	\$47.55	up 8%	\$35.19	up 45%

- Throughout the last week, U.S. crude oil prices have increased steadily through a \$45 to \$50 per barrel price band. On Feb. 23, NYMEX crude oil futures settled at \$51.17, an increase of \$3.62 from the previous month and \$15.98 per barrel or 45% higher compared to this time last year.
- Crude oil futures at the NYMEX jumped \$2.80 higher on Feb. 22 settling above \$50 for the first time this year at \$51.15 per barrel. This is the highest settlement for crude since Oct. 29, 2004. NYMEX crude hit a record \$55.67 on Oct. 25, 2004.



- Crude oil prices remain strong due to growing global demand for crude oil and lower production reserves. Continued high demand for heating oil in the North East and Europe due to extended cold weather this week is providing significant support to crude oil prices, as well as the falling value of the dollar in the international market and possible OPEC production cuts.

- For the week ending Feb.18, U.S. commercial crude oil supplies stood at an estimated 297 million barrels, well within the 5-year supply range for this time of year. Crude supplies are 23.2 million barrels higher compared to last year's storage levels, according to EIA.

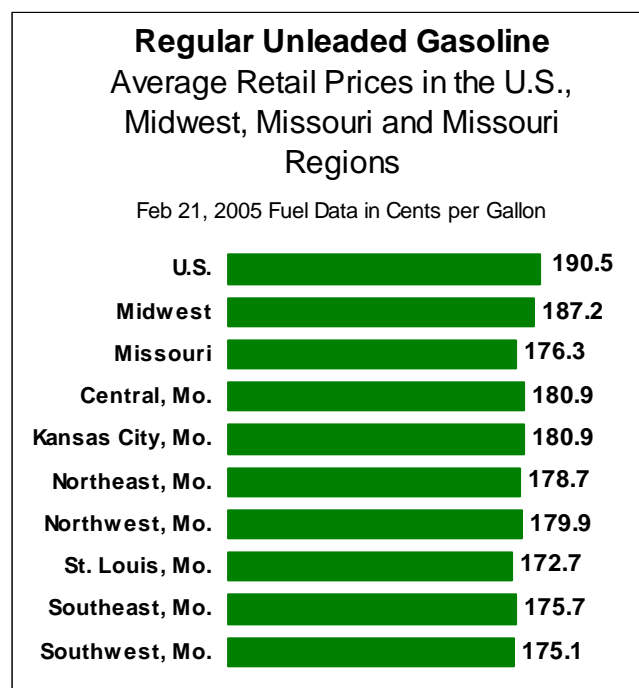
Transportation Fuels

Missouri's average retail price for regular unleaded gasoline increased 1 cent per gallon from the previous month to reach \$1.76 per gallon on Feb. 21.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>02-21-05</u>	<u>01-17-05</u>	<u>change</u>	<u>02-16-04</u>	<u>change</u>
US	191	182	up 5%	165	up 16%
Missouri	176	175	up 1%	151	up 17%

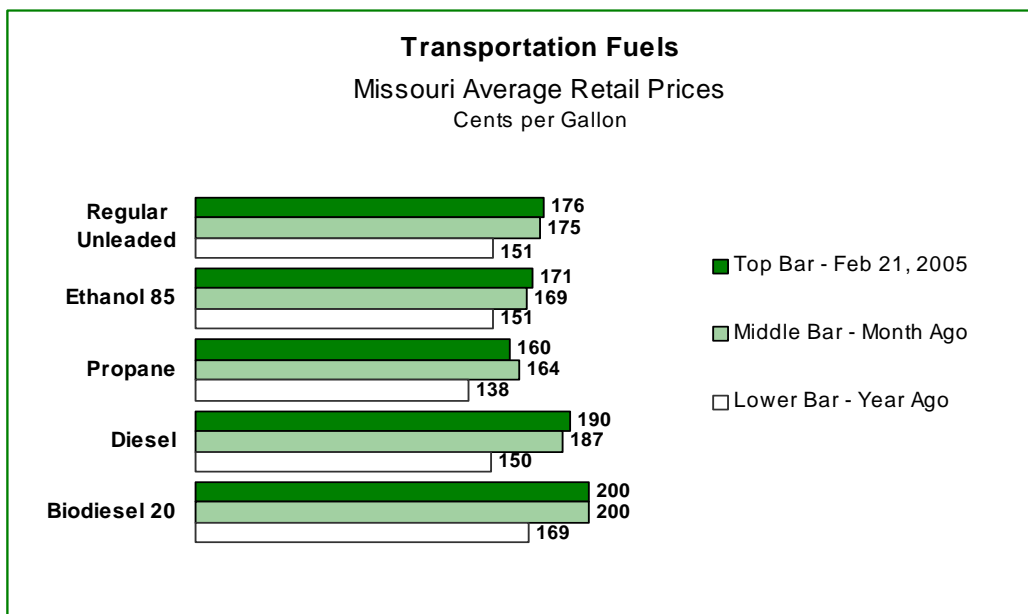
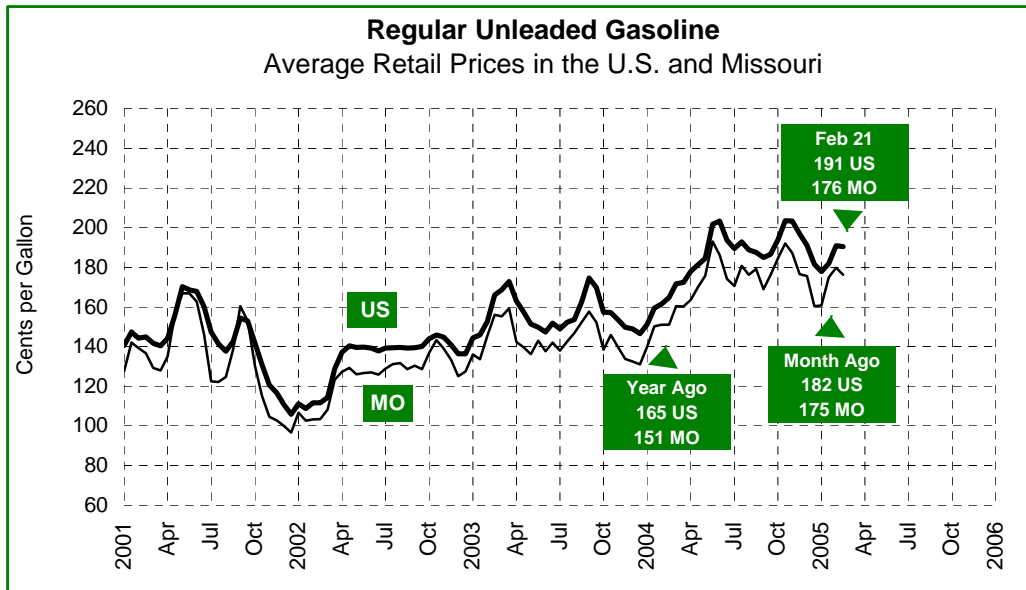
<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>02-21-05</u>	<u>01-17-05</u>	<u>change</u>	<u>02-16-04</u>	<u>change</u>
Missouri	190	187	up 2%	150	up 27%

- Over the last year, Missouri's average retail gasoline prices have increased 17 percent, climbing from 151 cents per gallon to 176 cents per gallon. During the last month, Missouri retail prices have increased by 1 cent per gallon, or 1 percent, following higher prices for motor gasoline and crude oil at the NYMEX. Missouri motor gasoline retail prices peaked at nearly \$2 per gallon on May 17, 2004.



- According to the February *Short-Term Energy Outlook* report by EIA released on Feb. 8, continued growth in gasoline demand in the U.S., both seasonally and year-over-year, is expected to increase U.S. average monthly prices from the current average price of \$1.91 to over \$2.00 per gallon by spring.
- While monthly U.S average retail gasoline prices are currently expected to peak this spring at or near

the peak price last year (\$2.06 on May 24), higher gasoline supplies in the U.S. compared to this time last year are expected to help reduce U.S. retail gasoline price volatility.



Motor Gasoline - Total Stocks (millions of barrels)					
	<u>02-18-05</u>	<u>01-14-05</u>	<u>change</u>	<u>02-13-04</u>	<u>change</u>
US	223.5	217.0	up 3%	205.0	up 9%

- U.S. gasoline supplies for the week ending Feb. 18 increased by 1.8 million barrels from the previous week, placing them at 223.5 million barrels, well above the 5-year average for this time of year and 20.1 million barrels higher than last year at this time. U.S. gasoline supplies increased due to a combination of gasoline production and imports that exceeded demand during the week. Midwest gasoline supplies decreased by 0.2 million barrels, moving from 55.5 million barrels on Feb. 11 to 55.3 million barrels on Feb. 18.
- U.S. gasoline production was estimated at 8.6 million barrels per day as of Feb. 18. Imports

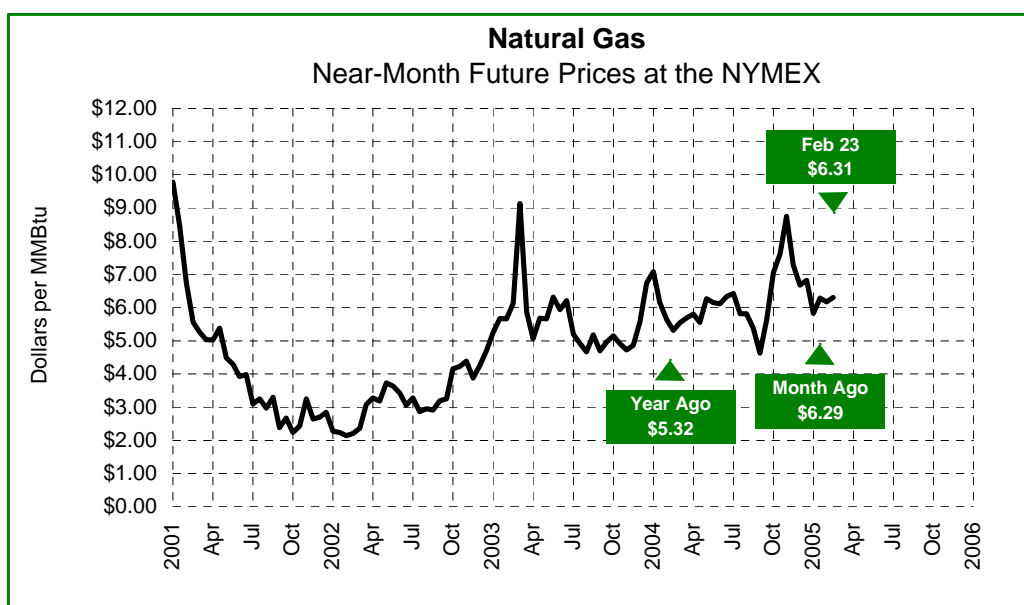
contributed an additional 0.8 million barrels per day, compared to 1.2 million barrels for the previous week.

Natural Gas

Approximately 56 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On Feb. 23, natural gas futures closed at \$6.31 per MMBtu, an increase of \$0.02 per MMBtu since last month and \$0.99 higher than this time last year, an increase of 19 percent.

Natural Gas - Near Month Future Prices (dollars per mmbtu)					
NYMEX	02-23-05	01-19-05	change	02-17-04	change
	\$6.31	\$6.29	up 1%	\$5.32	up 19%



- Working gas in storage was 1,720 Bcf as of Feb. 18, or 26.1 percent above the 5-year average, according to EIA's Weekly Natural Gas Storage Report. The implied net withdrawal was 33 percent less than the 5-year average withdrawal for the week, and 47 percent lower than the withdrawal last year at this time. The below average withdrawal was indicative of the warmer-than-normal temperatures across the entire lower 48 states through Feb. 18.
- According to the National Weather Service, the weather for the lower 48 states was about 20 percent warmer than normal on a year-to-year basis and about 29 percent warmer than last year at this time.
- On Feb. 8, EIA projected that Midwest households' average natural gas winter heating bills would increase an estimated 9.7 percent compared to last year. The projection was based on average retail natural gas prices expected to be 9.8 percent higher this winter than last year.

Propane

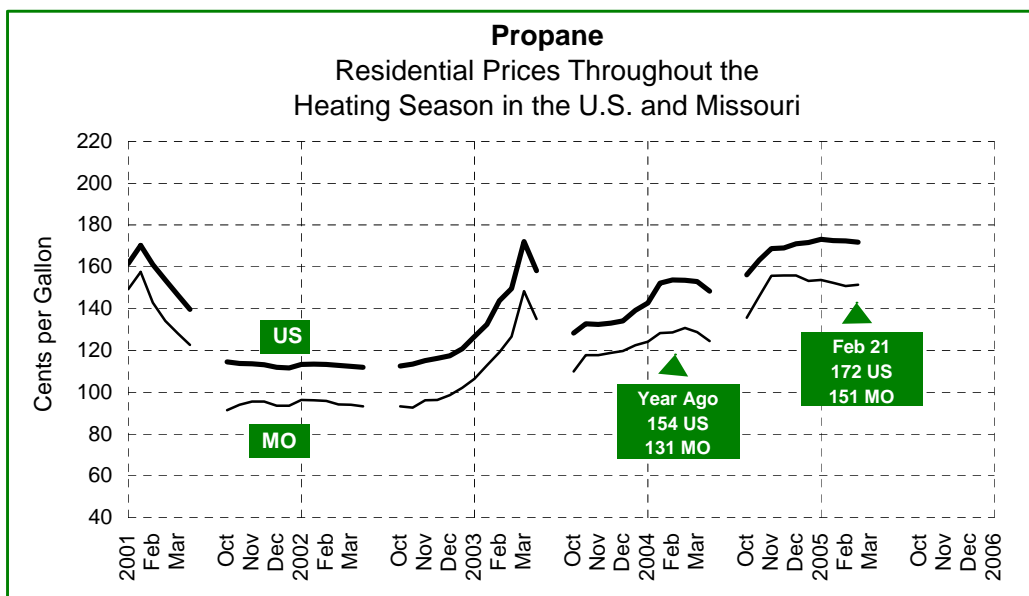
Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

Missouri's average retail propane price was \$1.51 per gallon on Feb. 21, down \$0.01 from a

month ago but \$0.20 or 16 percent higher than a year ago.

Propane - Residential Prices (cents per gallon)					
	02-21-05	01-17-05	change	02-16-04	change
Missouri	151	152	down 1%	131	up 16%

- U.S. inventories of propane continued lower last week but at a slightly slower rate compared with the past several weeks, falling 2.5 million barrels to an estimated 33.9 million barrels as of February 18, 2004. Midwest inventories posted strong imports last week that most likely blunted the weekly stockdraw of 0.9 million barrels. Midwest propane supplies are at the upper limit of the average range for this time of year.
- Midwest supplies decreased from the previous week, falling 0.9 million barrels to 11.4 million barrels as of Feb. 18. Midwest propane supplies are 0.7 million barrels higher compared to the same period last year. Since the beginning of February, Midwest supplies of propane have decreased by just 1.5 million barrels due to space-heating demand.
- On Feb. 8, EIA projected that Midwest households' average propane winter heating bills would increase an estimated 20 percent compared to last year. This is based on a projection of propane prices over the winter heating months averaging more than 20 percent higher than last year at \$1.56 per gallon with an average consumption of 882 gallons.



Missouri Energy Outlook

The Missouri Energy Outlook, an energy resource analysis reviewing prices and availability of energy in Missouri over the winter months was released in November by the Missouri Department of Natural Resources' Energy Center. Copies of the Missouri Energy Outlook are available online at the department's Web site at <http://www.dnr.mo.gov/energy/publications.htm> or may be obtained by calling the Missouri Department of Natural Resources' Energy Center at (573) 751-3443 or the department toll free at (800) 361-4827.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers.

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